COMET - Pension System Resumption (PSR) Project Implementation Phase

Project Risk Assessment

June 19, 2008

SUMMARY RISK ASSESSMENT

The PSR Project is considered a large project by industry standards and by the California Department of Finance. Based on criteria published by the Department of Finance, the Project is also ranked as a high-risk project and requires active risk monitoring and control procedures. The PSR Project established a risk management and mitigation process in its Initiation and Planning Phases.   Through this management process, the overall risk level for PSR has maintained a "Moderate" or "Cautionary" rating throughout the Implementation Phase. The outlook for future performance is similarly projected as "Moderate" or "Cautionary". However, some significant risks currently exist which require mitigation plans. These mitigation plans are being addressed by the PSR Team.   In addition, several items identified as major challenges are being proactively managed to reduce the likelihood that they will escalate to issues.

RISK PROCESS

The PSR Project has provided the framework for planning, identifying, analyzing, responding, monitoring, and controlling risks. Risk management is an iterative process managed by the Risk and Issue Management Committee. This committee meets weekly and participants include all key project stakeholders: Project Manager, Deputy Project Manager, Accenture Project Manager, IPOC, and all Sub-Project Managers as appropriate. The PSR Project approaches risk management and mitigation in a sequence of steps in accordance with industry accepted standards such as IEEE and the Department of Finance Information Technology Project Oversight Framework. The same evaluation criteria are used by both IPOC and the PSR Project. These criteria are provided monthly in the PSR Project Performance Report. The establishment and ongoing referencing of steps are further defined in the PSR Risk Management Plan. Risks are routinely reported to both the Steering Committee and the Board. Risks that materialize as actual events become issues, for example, the PSR/PeopleSoft Financial issue being presented to the Board in June.

COMPARATIVE BENCHMARK

In addition to an ongoing assessment of project risks, the PSR Project Team utilizes published data from the Standish Group, Gartner, CutterConsulting and others to evaluate its exposure against leading external indicators of project risk.   The PSR Project has established risk mitigations for each of these major indicators.
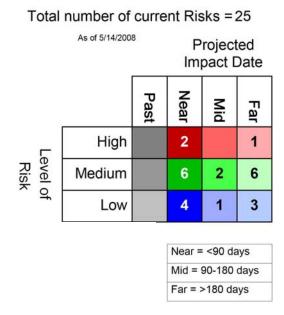
RISK SUMMARY BY CATEGORY

3 High Risks

- External Partners

14 Medium Risks

- External Partners
- Employers
- Detailed Design

8 Low Risks

- Training
- Miscellaneous

Total number of current Risks = 25

As of 5/14/2008

Projected Impact Date

Level of Risk	Past	Near	Mid	Far
High		2		1
Medium		6	2	6
Low		4	1	3

Near = <90 days
Mid = 90-180 days
Far = >180 days

HIGH RISKS

Three high risks have been identified through discussions with external Partners. Each of these risks could impact the PSR Project scope, schedule, or cost, unless mitigated through negotiations with these Partners. Mitigation plans require continuous dialog with external Partners to reduce these risks. In addition to mitigations, contingency plans are being developed to prepare alternatives which will allow PSR to move forward. The three high risks are defined below, along with their mitigation strategies.

- The difficulty of synchronizing the timelines between PSR and the State Controller's Office (SCO) 21st Century Project places risks on both projects

    Mitigation: CalPERS is building the capability to bridge PSR to SCO legacy systems. Mitigation is expected to meet PSR schedule timelines

- The approaches for testing payment data between the SCO 21st Century Project and PSR are significantly different. This creates potential delays for both projects

     Mitigation: Negotiations with SCO are in progress regarding mutually acceptable test data content and approach

- The differences in approach between SCO 21st Century Project and PSR for development and implementation will result in an inability to jointly test within the specified PSR timelines

     Mitigation: CalPERS plans to first simulate connectivity with the 21st Century Project and defer joint testing until the late stages of the PSR Project

LOOK AHEAD AT MAJOR CHALLENGES

The PSR Team is continually looking ahead to proactively address major project challenges in order to pre-empt potential risks. Key challenges identified to date are listed below, along with the strategies that have been developed to actively manage them.

- Employers and Business Partners may not be ready to meet PSR reporting requirements by November 2009

     Mitigation: CalPERS has established a Public Employer Readiness Team to assist Employers and Business Partners with meeting PSR's data requirements

- CalPERS ability to provide required resources for PSR and its interdependent projects is impacted by other initiatives

     Mitigation: An Executive Governance program will be established in July 2008 to prioritize CalPERS technology projects and mitigate contention for resources

- CalPERS staff may not be ready to transition to PSR by November 2009

     Mitigation: The Enterprise Transition Management Project is developing staff transition plans. Training and transition activities will start mid 2009

CONCLUSION

The PSR Project has processes in place to manage risks. Processes are also defined to escalate issues.   It is the assessment of the PSR Project Team that the Project is being managed within acceptable risk levels.